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INTELLIGENCE BRIEF

BOMBING OF THE RAILROAD TRANSIT ROUTE THROUGH NORTH VIETNAM HAS LITTLE EFFECT ON THE ECONOMY OF COMMUNIST CHINA

DIRECTORATE OF INTELLIGENCE
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BOMBING OF THE RAILROAD TRANSIT ROUTE THROUGH NORTH VIETNAM HAS LITTLE EFFECT ON THE ECONOMY OF COMMUNIST CHINA*

Summary

The economy of Communist China, including that of the southwestern province of Yunnan, will experience no appreciable adverse effects as a consequence of the bombing of the railroad transit route through North Vietnam. The Chinese have sufficient trucks and road capacity to move any essential traffic by interior routes to and from Yunnan Province, although transportation costs will be greater. Loss of transit rail service, however, may hinder the economic development of Yunnan for the next year or two until construction is completed on a direct rail connection between the province and the main Chinese rail system. After that time, there will be practically no need for the transit route through North Vietnam.

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* The estimates and conclusions in this brief represent the best judgment of this Office as of 1 December 1965.

1. The Economy of Yunnan Province

Yunnan, one of the most isolated provinces of Communist China, has basically a self-sufficient agricultural economy. The province is dependent in only a few important respects on, and contributes comparatively little to, the rest of China. Much of the construction effort to extend the Chinese railroad network in recent years, however, has been aimed at improving transportation between this area and the rest of the country in order to develop the economy of Yunnan and to facilitate military and political control of the area.

a. Relationship of Yunnan to the Economy of China

The major contribution of Yunnan to the economy of China consists of the production of a few important metals that have been mined in the province for many years, the most important of which are tin and copper. At least 10,000 to 12,000 metric tons (mt) of tin per year -- about 75 percent of China's total estimated output in recent years -- are mined and refined in the area of Ko-chiu, located south of K'un-ming (see the map). Chinese requirements for tin are small and most of this production is exported. Chinese exports of tin have amounted to only $10 million to $12 million annually in the past few years, however, and they account for only a small fraction of China's total foreign trade earnings. About 20,000 mt of copper per year -- roughly 25 percent of China's output -- are mined in Yunnan. Most of this copper is used within China. In addition, Yunnan produces small amounts of lead, tungsten, and nickel, but in quantities too small to make more than a slight contribution to the economy of China.

The only manufacturing industry in Yunnan of importance to the Chinese economy is the recently expanded machine tool plant in K'un-ming. Small quantities of jig borers, milling machines, and lathes are shipped from this plant to the rest of China. The plant is believed to be nearly self-sufficient because pig iron, steel castings, and rolled steel are produced in both K'un-ming and An-ning.

The most important commodity transported into Yunnan is petroleum, a large part of which is used for military purposes. In addition, such items as rails, structural steel, construction equipment, transformers, generators, spare parts, light industrial products, fertilizer, consumer goods, and medicines have been moved into the province by the transit route.

b. Transport Connections with Yunnan

The only direct connection between Yunnan's sparse transport network and the main Chinese transport system is by road.* The most direct road connection is a winding route linking the K'un-ming - Chan-i railroad line with the main railroad system of China at An-shun in Kweichow Province. Two additional road connections of greater length are also of importance: one connection links K'un-ming with Nan-ning on the main railroad system in Kwangsi Province, and the other links K'un-ming with the main railroad system at An-pien in Szechwan Province.

Extension of the railroad system from terminals in Kweichow and Szechwan Provinces to Yunnan probably has been given priority by Peiping, and the line from An-shun to Hsuan-wei and Chan-i may be completed in 1966 or 1967. Pending the completion of a railroad line within Communist China, all rail traffic to and from Yunnan has moved through North Vietnam, primarily on the Dong Dang - Hanoi - Lao Cai railroad network which connects Yunnan with Kwangsi. In addition, some transit traffic has moved through the port of Haiphong and then over the Haiphong - Hanoi - Lao Cai line to Yunnan. This entire transit route is meter gauge, the interchange point with the main standard-gauge system being at P'ing-hsiang in Kwangsi Province.

2. Effects of the Bombing of the Rail Transit Route

a. Loss of Through Rail Service

In July 1965, US aircraft began bombing railroad bridges along certain sections of the Hanoi - Lao Cai railroad line, thereby eliminating all, or almost all, transit traffic to and from Yunnan. This traffic averaged almost 1,200 mt per day during 1963 and by 1964 had increased to perhaps 1,300 mt per day. Petroleum transported by tank car from Kwangsi to Yunnan probably was the most important item of transit freight, accounting for about 350 mt per day in both 1963 and 1964.

During the four months that through traffic has not moved on the line, there has been no evidence that the disruption of transit traffic through North Vietnam has resulted in serious problems for the economy of Yunnan or of Communist China as a whole. Analysis of aerial photography, however, indicates that the North Vietnamese have attempted

* Although a recent report claims that a railroad line from Ch'eng-tu through An-pien to K'un-ming has been completed, the report has not been confirmed

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to restore through rail service on the Hanoi - Lao Cai railroad line. No similar attempt has been made to restore through rail service to the heavily bombed southern part of North Vietnam. Restoration of traffic on the Hanoi - Lao Cai line is important to North Vietnam because, in addition to the transit traffic, the line normally carries considerable domestic traffic, including North Vietnamese products for export. The most important of these export products is apatite from the mines near Lao Cai.

b. Alternative Means of Transportation

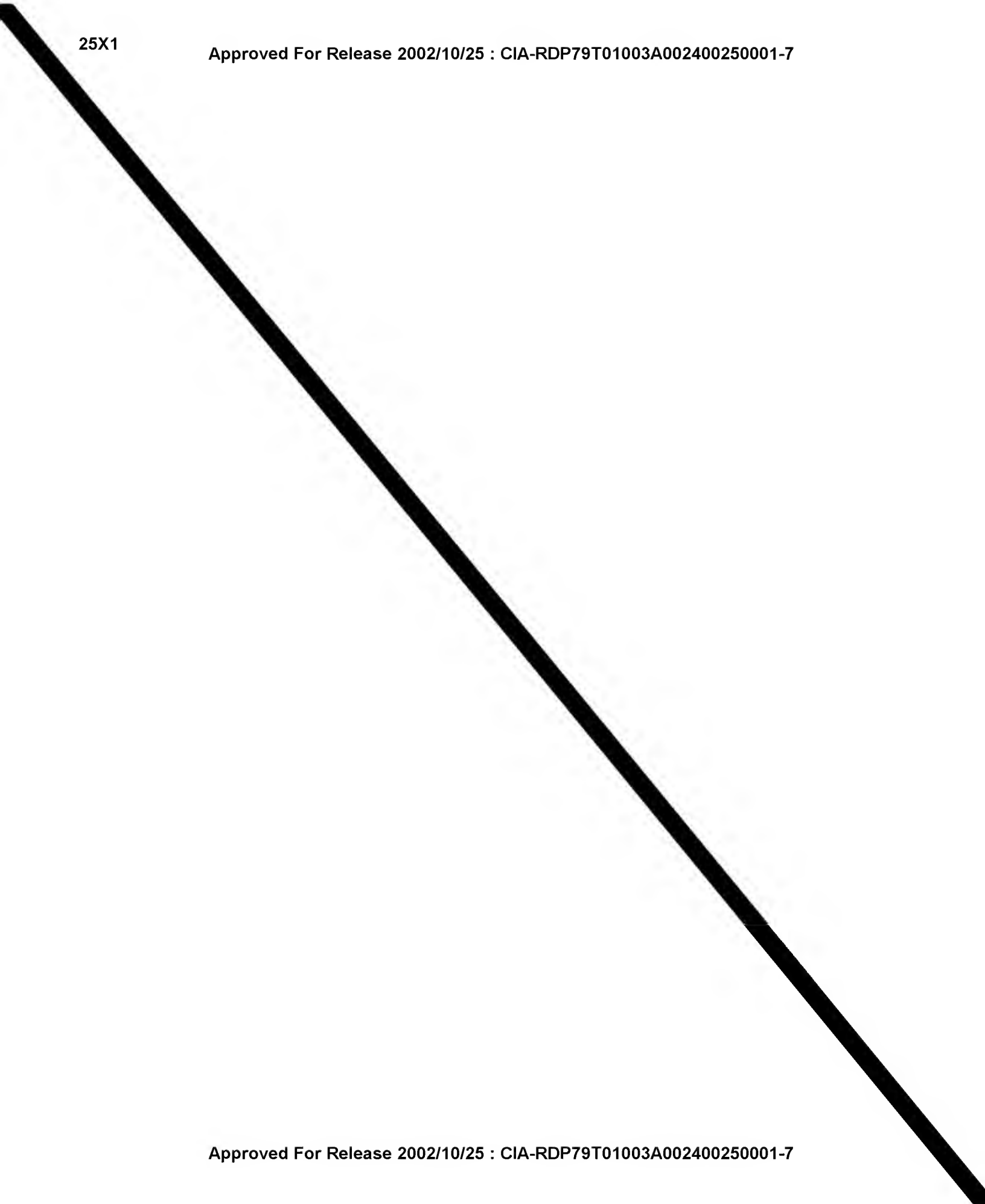
The three main road networks from Kweichow, Szechwan, and Kwangsi Provinces to Yunnan have sufficient capacity to move the normal flow of commodities to and from Yunnan. The Chinese can thus resort to combined rail and truck transportation within China as a short-run alternative to rail service through North Vietnam. The Chinese also have the alternative of continuing to move supplies through North Vietnam by using a combination of rail, truck, and inland water transportation to circumvent bombed sections of the railroad line. This method probably would be used only if road transportation within China became inadequate, because it would involve both the use of scarce transport equipment in North Vietnam and the risk of destruction by aerial attack. About 500 to 600 trucks per day are sufficient to carry petroleum* to Yunnan by a combined rail-truck route within China. These trucks can transport all normal exports from Yunnan -- including tin and copper -- on their return trip. It is estimated that China has about 230,000 trucks in its civilian and military inventories, and such a reallocation of trucks can be made with little disruption to the economy. In early 1964, some petroleum products for the K'un-ming area were being moved on the road from Kweichow, the shortest route into Yunnan, by both tank trucks and trucks carrying drums. Even so, the transportation cost over the shortest truck route within China is at least 20 percent greater than over the former all-rail or sea-rail transit route through North Vietnam.

Construction of railroad lines leading to Yunnan will not be greatly hindered by the cutting off of shipments of rails that normally moved through North Vietnam. The most difficult and time-consuming work in building these railroads is the construction of tunnels, bridges, and roadbeds. Once these facilities are completed, rails can be laid without difficulty from the present rail terminals in Kweichow and Szechwan. The small amount of consumer goods, light industrial

* Three tons per truck, transported in drums.

products, and medicines required by the province can be handled easily by truck transportation.

Further development of industry and agriculture in Yunnan in the near future may be hindered by the disruption of rail service through North Vietnam because larger tonnages are needed for this purpose. Once Yunnan is connected directly by rail with the rest of China, however, there will be little need for the indirect rail service through North Vietnam, although occasional export shipments of Yunnan's tin may be routed through the port of Haiphong. The all-China railroad route will be shorter for goods produced and consumed domestically than is the transit route through North Vietnam.



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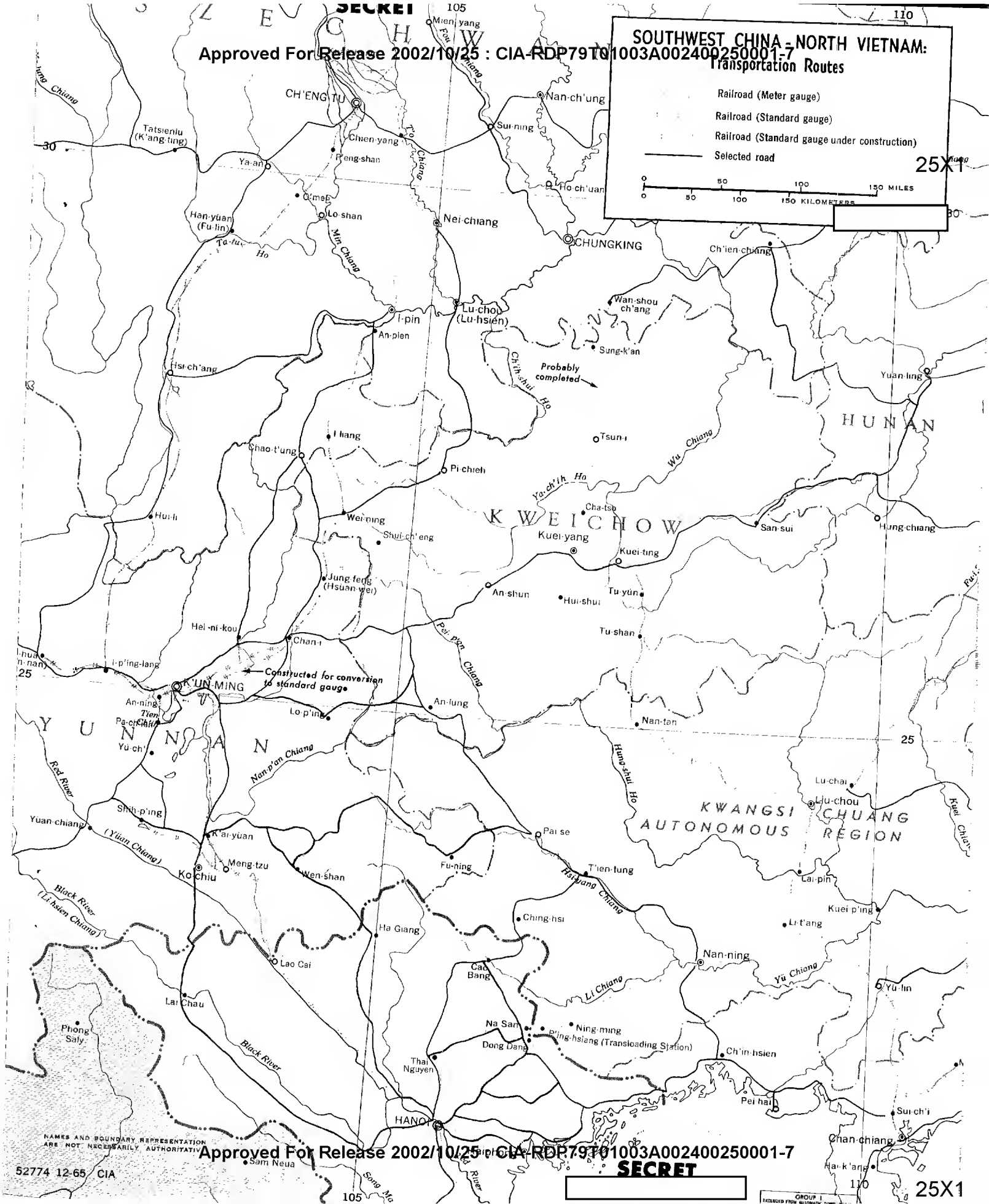

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